



City of Torrance, California
Investment Report Summary Notes
For the Month of: September 2017

Investment Activity during the Period

The investment activity for September 2017 included 1 purchase and 2 redemptions.

Purchaser-Issuer	Rating	Par Value	Term	Coupon	Structure
Federal Home Loan Mortgage Co	AA+	1,000,000	5 YR	2.070%	5 YR NC 6 Mon

Redemptions-Issuer	Rating	Par Value	Term	Coupon	YTM
Bank of Montreal	A+	1,000,000	5 YR	1.400%	1.373%
Federal Home Loan Mortgage Co	AA+	1,000,000	3.4 YR	1.000%	1.140%

* Calculation uses 365 Day Basis

Structure Definition:

1X Callable Bond – Is a callable bond where the issuer only has one option to call the bond. If the option is not exercised it becomes a Bullet Bond.

6M Callable Bond – Is a bond with an ongoing 6 month call option.

Bullet Bond – Bullet bonds are non-callable. Bullet bonds cannot be redeemed early by an issuer.

NC 1YR – No Call for one year bond

Step-Up Bond – A bond that pays an initial coupon rate for the first period, and then a higher coupon rate for the following periods. A step-up bond is one in which subsequent future coupon payments are received at a higher, predetermined amount than previous or current periods. These bonds usually have a callable component.

The Local Agency Investment Fund (LAIF) balance was \$16 million with an average monthly yield of 1.111%, detailed on page 3 of the Investment Report. The aggregate investment portfolio balance on August 31, 2017 was \$152,557,115. As of September 30, 2017 the ending balance is \$150,131,906 resulting in a decrease of \$2.4 million from the previous month.

Liquidity of the Portfolio

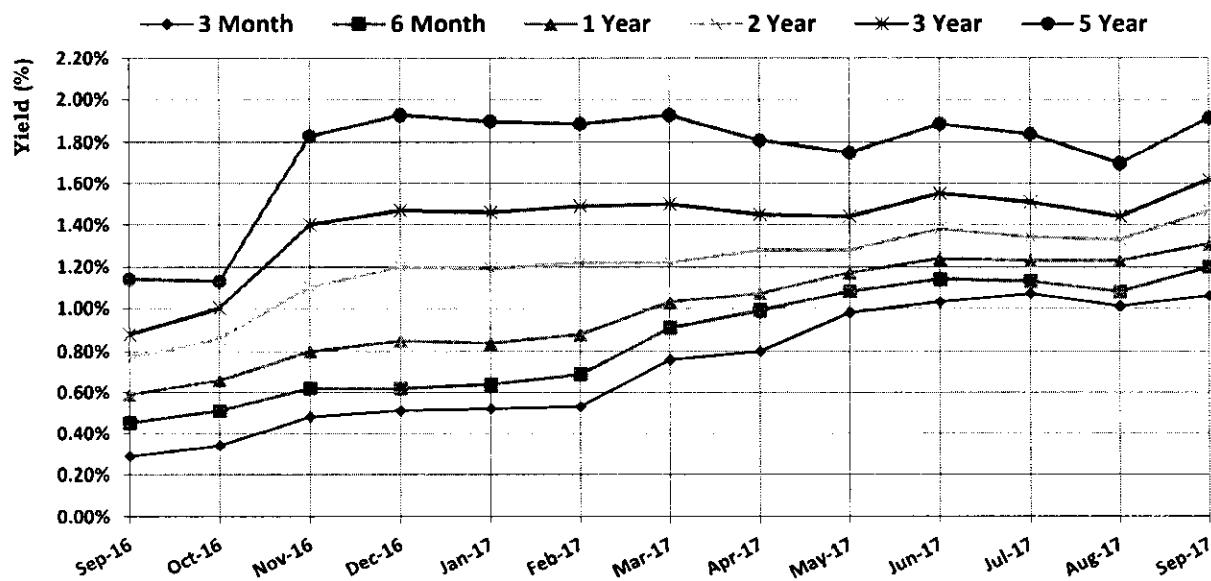
- ❖ The current goal is to keep the investment portfolio at an average maturity of 2 years based on current economic conditions. The portfolio's current average maturity is 659 days or 1.81 years, representing a 3 day decrease from the previous month.
- ❖ The goal is to keep an average of \$10-\$20 million in liquid assets in order to meet operational needs and for unexpected expenditures that may arise. The current short term liquidity balance is \$40 million. The City is in compliance with California Government Code Section 53646 which requires local agency to report its ability to meet pooled expenditure requirements for the next six (6) months.

Investment Comparison to Benchmark

For the month of September, the City's yield to maturity on pooled investments was 1.440 %; the yield increase from the previous month by 0.033%. The average effective rate of return for fiscal year-to-date is 1.270%. The average yield on the 2 year U.S. Constant Maturing Treasury (CMT) was 1.470% which reflects an increase of 14 basis point or 0.140% compared to the prior month. The portfolio performed above the CMT benchmark by 3 basis points or 0.030%. As interest rates continue to slowly move upward the spread between the portfolio performance and the benchmark will continue to tighten, because the portfolio is generally 'buy and hold'. As the short end of the yield curve continues to rise LAIF rates will also follow a similar yield curve. The graph enclosed tracks the CMT yields for the past twelve month period for a variety of terms. The City's portfolio will stay the course based on the current economic trends. Covering cash flow needs rank as the top priority.



City of Torrance, California
Investment Report Summary Notes
For the Month of: September 2017





City of Torrance, California
Monthly Investment Portfolio Report
September 30, 2017

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Investment Report
September 2017

Portfolio Highlights

	Current Month	Prior Month
RETURN		
City Portfolio YTM	1.440%	1.407%
U.S. Treasury Constant Maturity (2 year)	1.470%	1.330%
LAIFF Monthly Return	1.111%	1.084%
City Portfolio YTM (Prior Year)	1.255%	1.219%
Effective Rate of Return	Year to Date	Prior Year to Date
Effective Rate of Return	1.270%	1.130%
INTEREST INCOME		
Fiscal Year to Date	\$499,159.12	\$325,974.81
Current Month	\$173,184.31	\$170,644.17
MATURITY		
Days to Maturity	659	662
Days to Maturity (Prior Year)	660	639
Average Maturity (Years)	1.81	1.81
VOLUMES		
Purchases/Deposits*	\$8,070,378	# of Transactions
Maturities/Redemptions*	\$10,500,000	1
	2	

*Includes LAIF and MMA Activity

Portfolio Activity Summary

Month End	Year	# of Securities	Average Balance	Yield to Maturity	Managed Pool Rate	# of Investments Purchased	# of Investments Redeemed	Average Term	Average Days to Maturity
September	2016	124	153,637,967.22	1.238	1.255	0.634	7	4	1,376
October	2016	118	147,869,158.44	1.216	1.233	0.654	1	7	1,379
November	2016	118	148,960,902.79	1.172	1.189	0.678	1	1	1,260
December	2016	122	149,823,922.83	1.240	1.257	0.719	4	0	1,334
January	2017	119	155,699,041.54	1.172	1.189	0.751	0	3	1,189
February	2017	123	171,520,182.22	1.203	1.220	0.777	4	0	1,209
March	2017	126	172,536,545.93	1.237	1.254	0.821	5	2	1,235
April	2017	128	176,001,879.68	1.235	1.252	0.884	2	0	1,169
May	2017	129	187,079,349.71	1.240	1.258	0.925	1	0	1,133
June	2017	123	190,067,605.41	1.197	1.213	0.978	3	9	1,052
July	2017	129	165,786,383.71	1.322	1.340	1.051	6	3	1,282
August	2017	134	152,836,617.33	1.388	1.407	1.084	8	4	1,352
September	2017	131	149,098,446.38	1.421	1.440	1.111	1	2	1,366
	Average:	125	163,078,812.03	1.252	1.270	0.851	3	3	1,257
									596

**Investment Report
September 2017**

Portfolio Summary										Maximum Term	YTM
	Book Value (\$)	BV % of Portfolio	Market Value (\$)	MV % of Portfolio	S&P Rating	% per Policy	Modified Duration	Days to Maturity	1	N/A	1.111%
Local Agency Investment Fund (LAIIF)	\$16,000,000	10.66%	\$16,000,000	10.69%	LAIIF	\$65MIL	0.000				
Union Bank Custodial - Money Market Account	\$3,064,171	2.04%	\$3,064,171	2.04%	A-1	100%	0.000		1	N/A	0.900%
U.S. Treasury Securities	\$8,892,118	5.92%	\$8,906,250	5.95%	AA+	100%	2.082	780	5 Year	1.604%	
Federal Agency Issues	\$89,865,258	59.86%	\$89,581,943	59.74%	AA+	75%	1.865	708	5 Year	1.393%	
Farmer Mac	21,373,913	14.24%	21,320,670	14.23%	AA+	30%	1.969	740	5 Year	1.457%	
Federal Farm Credit Bank	11,999,379	7.99%	11,974,710	7.99%	AA+	30%	0.563	213	5 Year	1.233%	
Federal Home Loan Bank	20,976,258	13.97%	20,917,050	13.96%	AA+	30%	2.486	944	5 Year	1.511%	
Federal Home Loan Mortgage Corporation	15,008,043	10.00%	14,957,600	9.95%	AA+	30%	2.313	882	5 Year	1.455%	
Federal National Mortgage Association	20,507,664	13.66%	20,411,913	13.62%	AA+	30%	1.556	592	5 Year	1.254%	
Negotiable Certificates of Deposit	\$14,331,872	9.55%	\$14,311,520	9.56%	FDIC	20%	2.507	965	5 Years	1.695%	
Medium-Term Notes	\$17,978,488	11.98%	\$18,009,015	12.02%	AA+	20%	2.135	808	5 Year	1.779%	
Apple Inc.	4,495,866	2.99%	4,484,270	2.99%	AA+	5%	1.340	500	5 Year	1.351%	
Chevron Corp.	3,028,365	2.02%	3,038,970	2.03%	AA	5%	2.429	922	5 Year	1.935%	
Colgate Palmolive Co.	1,998,973	1.33%	1,999,300	1.33%	AA-	5%	1.064	396	5 Year	1.549%	
IBM	1,978,875	1.34%	1,991,340	1.33%	AA-	5%	2.539	957	5 Year	2.050%	
MicroSoft Corporation	3,974,126	2.65%	3,976,100	2.65%	AAA	5%	3.329	1,267	5 Year	1.922%	
Toronto Dominion Bank	1,000,000	0.67%	1,011,850	0.68%	AA-	5%	3.044	1,170	5 Year	2.473%	
Toyota Motor Credit Corporation	1,502,283	1.00%	1,507,185	1.01%	AA-	5%	1.041	388	5 Year	1.850%	
Total Investments:	\$150,131,906	100%	\$149,872,899	100%			1.735	659		1.440%	
Earnings Allowance Rate: 0.250%	Cash In Bank (General): \$1,956,384										
	Cash In Bank (Housing): \$3,586,455										
	Total Funds:										

I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement

Fiscal YTD
1.270%

Effective Rate of Return
Date
10/16/17

Vacant
Deputy City Treasurer

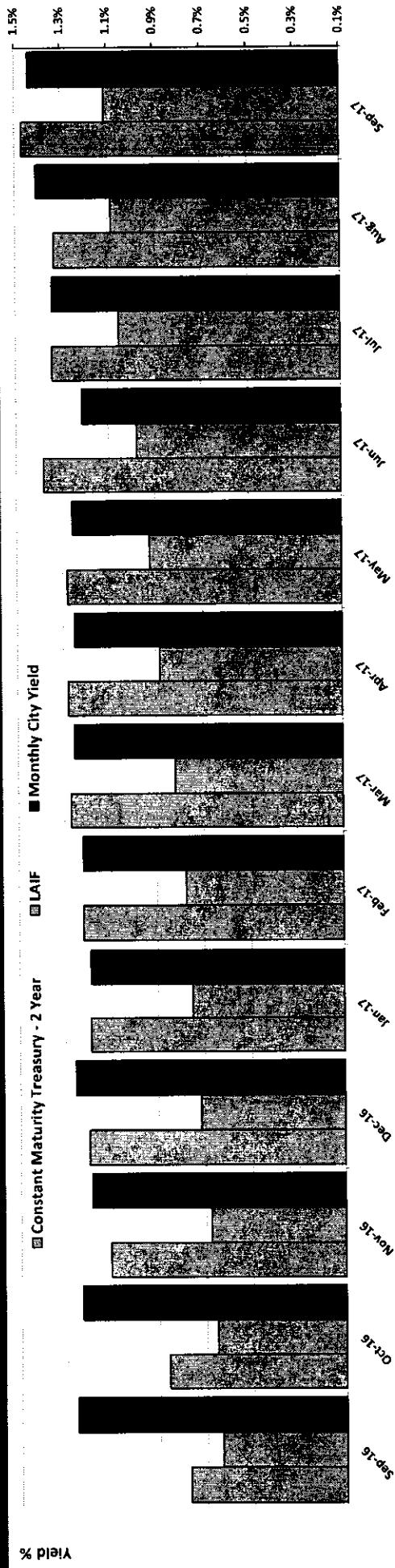
Dana Cortez
City Treasurer

**Investment Report
September 2017**

Portfolio Monthly Activity Detail										
Purchases	Broker	Purchase Date	Description	Quality Rating	Maturity Date	Term	Coupon (%)	Par Value (\$)	Book Value (\$)	Market Value (\$)
Investment Number										
11266	Great Pacific Securities	9/28/2017	Federal Home Loan Mortgage Co.	AA+	9/8/2022	5 YR	2.070%	1,000,000	1,000,000	993,390
Maturities/Calls/Sales	Broker	Purchase Date	Description	Quality Rating	Maturity Date	Days Held/Days to Maturity	Coupon (%)	YTM/365 (%)	Par Value (\$)	Book Value (\$)
Investment Number										
11056	Morgan Stanley	9/11/2012	Bank of Montreal	A+	9/11/2017	—	1.8261/826	1.000%	1,000,000	1,000,000
11132	Webbush	4/23/2014	Federal Home Loan Mortgage Co.	AA+	9/29/2017	—	1.2551/1255	1.000%	1,000,000	1,000,000
UBDC										Ending Balance
Money Market		Remaining Balance	Coupon (%)	Yield		Deposits	Withdrawals			
		3,493,793	0.9	0.9			2,500,000			3,064,171
LAIH										Interest Earned (\$)
CNY*		Beginning Balance	Coupon (%)	Yield (%)		Deposits (\$)	Withdrawals (\$)	Interest Earned (\$)		
		\$17,000,000	1.111%	1.111%		5,000,000	\$6,000,000	\$16,000,000	\$0	\$16,000,000

Investment Report
September 2017

Portfolio Performance



Portfolio Earnings Summary

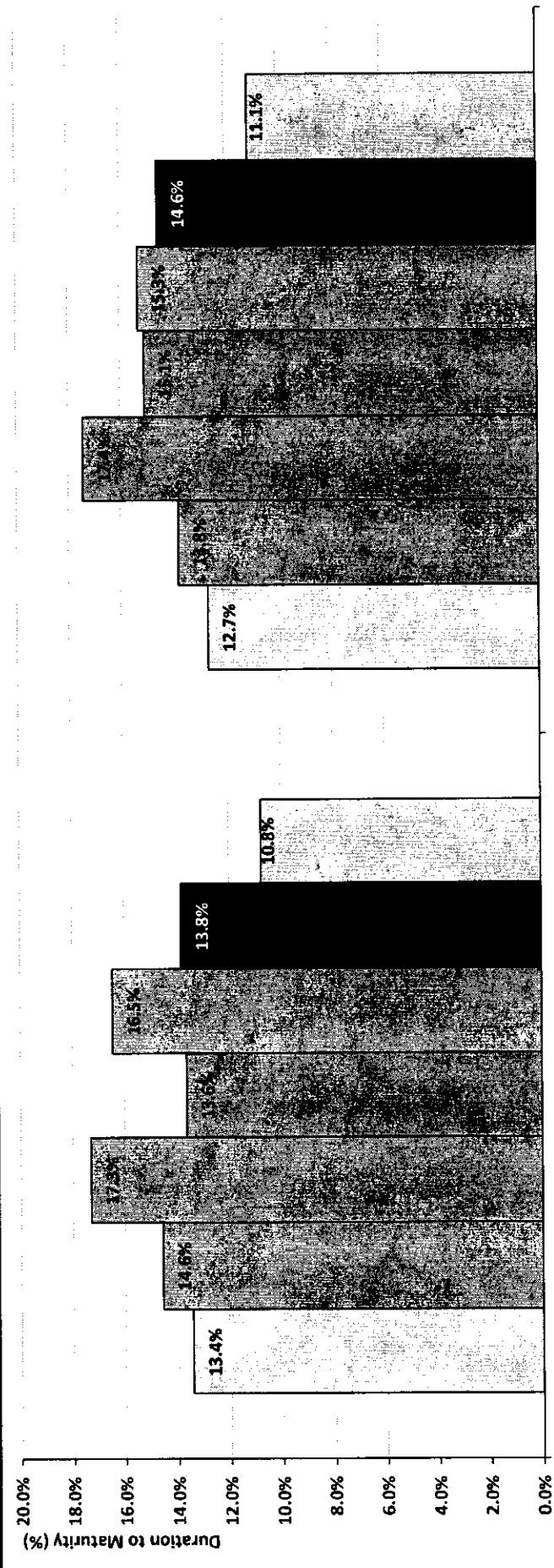
CD/Coupon/Discount Investments:	
Interest Collected	\$62,737.45
Plus Interest at End of Period	500,176.95
Less Accrued Interest at Beginning of Period	(407,174.76)
Interest Earned during this Period	\$155,739.64
Adjusted By Premiums/Discounts	4,413.19
Adjusted by Capital Gains or Losses	0.00
Earnings during Periods	\$160,152.83
Cash/Checking Accounts:	
Interest Collected	\$29,216.32
Plus Accrued Interest at End of Period	(16,184.84)
Less Interest at Beginning of Period	\$13,031.48
Interest Earned this Period	\$33,897.34
Total Interest Earned	\$168,771.12
Total Adjustments from Premium and Discounts	4,413.19
Total Capital Gains or Losses	0.00
Total Earnings this Period	\$173,184.31
Total	\$491,032.77
	5,970.35
	2,156.00
	\$499,159.12

Notes :
Adjusted by Premiums/Discounts represents the premium or discount cost involved to secure higher or lower yield securities. The cost of the premium or discount is amortized down or up respectively to par over the life of the bond until reaching maturity. By amortizing, the amount of taxable interest is reduced for each year the city owns the bond. This is because the amortized premium or discounts offsets the ordinary income of the coupon payment.

As long as a bond is held to maturity there will be no capital loss or gain to report.

**Investment Report
September 2017**

Maturity Distribution



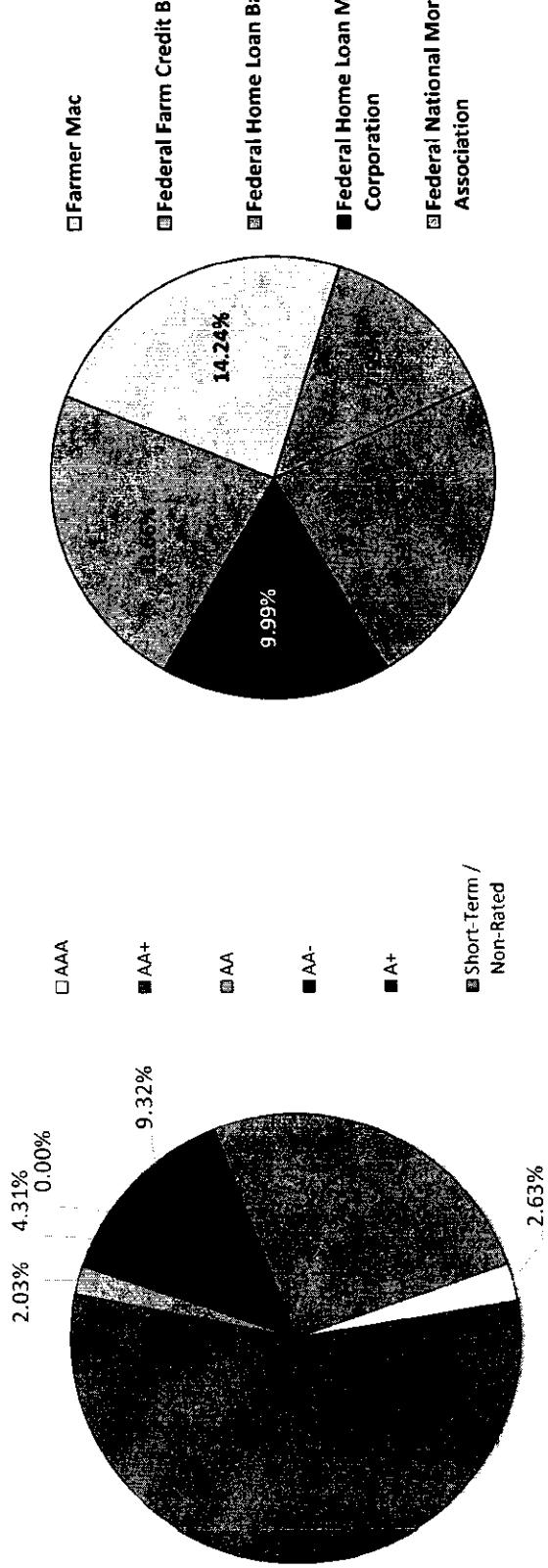
Matured this Period **30 Days to 6 Months** **6 Months to 1 Year** **1 Year to 2 Years** **2 Years to 3 Years** **3 Years to 4 Years** **4 Years to 5 Years**

NOTE: *SB 564 passed in 1995, effective February 1, 1996, requires that local agencies submit a quarterly report to the legislative body containing detailed information on all securities, investments, and monies of the local agency. It also requires a statement of compliance of the portfolio with the statement of investment policy and a statement of the local agency's ability to meet the expenditure requirements of the pool for the next six months.

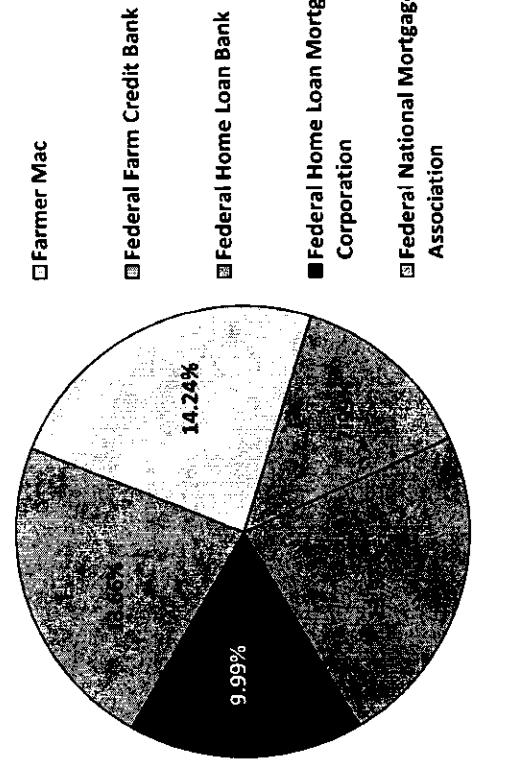
Investment Report
September 2017

Portfolio Distribution

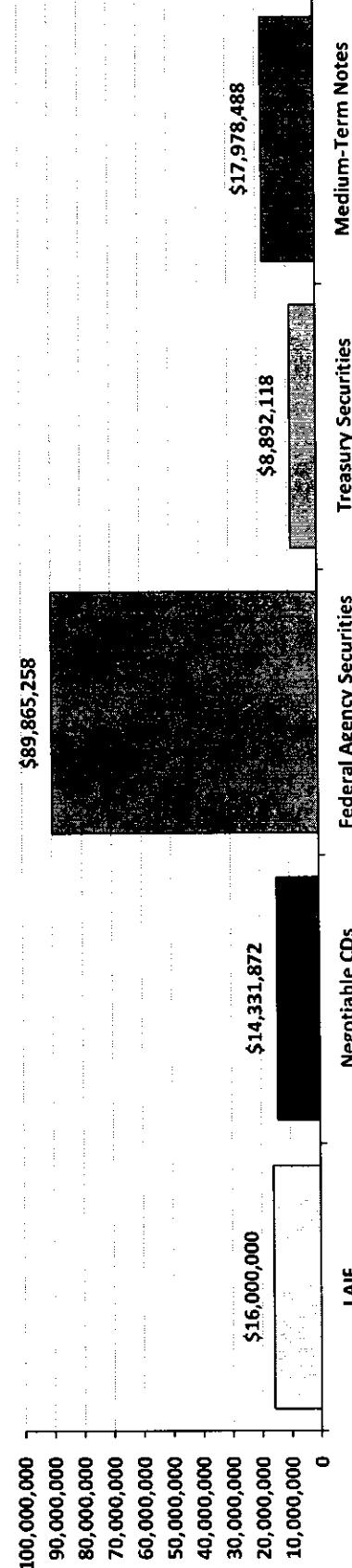
Assigned Credit Ratings of Investments (Total Portfolio)



Federal Agencies Distribution (59.85% of Total Portfolio)



Portfolio Sectors (Book Value)



**Investment Report
September 2017**

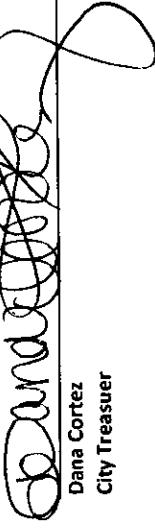
Value of Portfolio per GASB 31

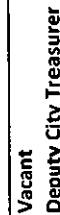
	Beginning Investment Value As of July 1, 2017	Purchase / Redemption of Principal	Change in Market Value	Ending Investment Value As of September 30, 2017
U.S. Treasury Securities	8,904,160		2,090	8,906,250
Federal Agency (Coupon)	85,612,155		(27,862)	89,581,943
Negotiable Certificate of Deposits	13,596,483		(11,806)	14,311,520
Medium-Term Notes	17,021,595		7,910	18,009,015
Municipal Bonds				
Sub-Total per GASB 31:	\$125,134,393	\$5,704,004	(\$29,669)	\$130,808,728
Non-GASB				
Local Agency Investment Funds	50,000,000		(34,000,000)	16,000,000
Money Market	10,000,583		(6,936,412)	3,064,171
Federal Agency – Disc.				
Treasury Security – Disc.				
Certificate of Deposits - Disc.				
Commercial paper				
Sub-total Non-GASB:	\$60,000,583	(\$40,936,412)	\$0	19,064,171
Total Portfolio:	\$185,134,976	(\$35,233,408)	(\$29,669)	\$149,872,899

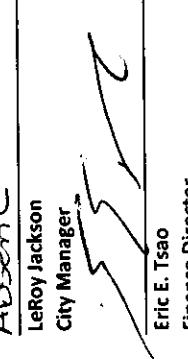
The Governmental Accounting Standards Board (GASB) has established Statement No. 31 for setting investment valuation standards. We report the unrealized gain/(loss) monthly and book realized gain/(loss) at year end as a GASB 31 requirement.

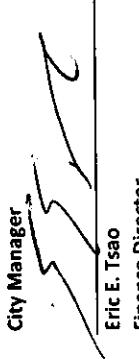
GASB 31 is a reporting requirement that reports the "Fair Value" of investments held in our portfolio. Fair value is the amount at which a financial instrument (investment) could be exchanged in a current transaction between willing parties at current market prices. It is important to understand the relationship between prevailing interest rates and fixed coupon investments. As market interest rates fall, the "Fair Value" of held securities will rise (unrealized Gains). The opposite occurs as market interest rates rise (market prices of held investments will fall). It should be noted that investments held in the city pool are to be held until maturity so both gains and losses (unrealized) will not be taken.

Investment Report for September 2017 reviewed by the Investment Advisory Committee


Dana Cortez
City Treasurer


Vacant
Deputy City Treasurer


LeRoy Jackson
City Manager


Eric E. Tsao
Finance Director


Patrick Q. Sullivan
Interim City Attorney

Deputy Treasurer Monthly Reports
Portfolio Management
Portfolio Details - Investments
September 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Credit Rating	YTM	Days to Maturity	Maturity Date
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GENTL			16,000.000.00	16,000.000.00	16,000.000.00	1.111	LAAF	1.111	1	
		Subtotal and Average	14,800.000.00		16,000.000.00	16,000.000.00	16,000.000.00	1.111		1.111	1	
Money Market Sweep Account												
316175104S	10001	Union Bank			3,064.171.12	3,064.171.12	3,064.171.12	0.900	A-1	0.900	1	
		Subtotal and Average	3,166,639.15		3,064.171.12	3,064.171.12	3,064.171.12	0.900		0.900	1	
Federal Agency Issues - Coupon												
31315PNZ78	11086	FARMER MAC	01/20/2013	2,000.000.00	2,000.120.00	2,000.079.33	1.050	NR/IMP	1.038	121	01/30/2018	
31315PKM48	11097	FARMER MAC	05/02/2013	2,000.000.00	1,994,840.00	1,999,882.78	0.850	NR/IMP	0.860	213	05/02/2018	
3132X0A15	11170	FARMER MAC	08/01/2015	1,000.000.00	998,530.00	1,000,000.00	1.100	NR/IMP	1.100	243	08/01/2018	
3132X0G56	11181	FARMER MAC	07/13/2015	1,000.000.00	998,240.00	1,000,000.00	1.750	NR/IMP	1.750	988	08/15/2020	
3132X0G77	11214	FARMER MAC	08/07/2016	2,000.000.00	1,980,380.00	2,000,000.00	1.10	NR/IMP	1.110	614	08/07/2019	
3132X0J79	11227	FARMER MAC	08/20/2016	1,000.000.00	986,300.00	1,000,000.00	1.160	NR/IMP	1.160	719	08/20/2019	
3132X0MT5	11235	FARMER MAC	12/29/2016	3,000.000.00	3,015,000.00	3,000,000.00	2.000	NR/IMP	2.000	1,202	01/15/2021	
3132X0NC3	11239	FARMER MAC	02/16/2017	2,300.000.00	2,293,123.00	2,300,000.00	1.400	NR/IMP	1.400	580	07/23/2019	
3132X0SA0	11247	FARMER MAC	04/19/2017	2,000.000.00	1,987,640.00	1,988,558.14	1.640	NR/IMP	1.649	929	04/17/2020	
3132X0S18	11248	FARMER MAC	05/16/2017	2,075.000.00	2,067,986.50	2,075,000.00	1.750	NR/IMP	1.750	960	05/16/2020	
3132X0JC3	11256	FARMER MAC	07/28/2017	3,000.000.00	2,988,510.00	2,999,393.18	1.650	NR/IMP	1.659	1,002	06/29/2020	
3133EC5A8	11075	FEDERAL FARM CREDIT BANK	11/26/2012	2,000.000.00	1,989,360.00	2,000,000.00	0.870	AA+	0.870	57	11/27/2017	
3133ECE26	11087	FEDERAL FARM CREDIT BANK	01/30/2013	1,000.000.00	998,920.00	1,000,000.00	0.940	AA+	0.922	121	01/30/2018	
3133ED323	11109	FEDERAL FARM CREDIT BANK	10/04/2013	3,000.000.00	2,995,080.00	3,000,000.00	1.230	AA+	1.230	3	10/04/2017	
3133ED4Q2	11114	FEDERAL FARM CREDIT BANK	10/11/2013	1,000.000.00	1,001,130.00	1,000,000.00	1.480	AA+	1.480	253	06/11/2018	
3133EDDV1	11119	FEDERAL FARM CREDIT BANK	01/23/2014	1,000.000.00	1,000,140.00	1,000,000.00	1.160	AA+	1.198	22	10/23/2017	
3133EDGWS	11128	FEDERAL FARM CREDIT BANK	03/11/2014	3,000.000.00	2,999,790.00	2,999,401.96	1.300	AA+	1.330	253	06/11/2018	
3133EFX36	11206	FEDERAL HOME LOAN BANK	04/05/2016	1,000.000.00	975,310.00	1,000,000.00	1.680	AA+	1.680	1,282	04/05/2021	
3133E3A9	11105	FEDERAL HOME LOAN BANK	06/11/2013	4,000.000.00	3,986,000.00	4,000,000.00	1,000	AA+	1,000	254	06/11/2018	
313381CD1	11122	FEDERAL HOME LOAN BANK	02/26/2014	2,000.000.00	1,999,320.00	1,998,522.37	1.250	AA+	1.356	262	08/26/2018	
313380CP0	11161	FEDERAL HOME LOAN BANK	05/22/2015	1,000.000.00	994,730.00	997,067.68	1,240	AA+	1,420	614	06/07/2019	
313383H18	11172	FEDERAL HOME LOAN BANK	06/12/2015	2,000.000.00	2,003,320.00	1,998,745.33	1.750	AA+	1.775	985	06/12/2020	
313379EE5	11189	FEDERAL HOME LOAN BANK	09/14/2015	2,000.000.00	2,003,300.00	2,008,405.45	1.625	AA+	1.371	621	06/14/2019	
3130A8BD4	11209	FEDERAL HOME LOAN BANK	05/27/2016	1,000.000.00	997,210.00	999,141.12	0.875	AA+	0.992	271	06/23/2018	
3130A8C55	11221	FEDERAL HOME LOAN BANK	08/25/2016	2,000.000.00	1,993,740.00	1,991,570.94	1.125	AA+	1.240	1,382	07/14/2021	
3130A8Q55	11230	FEDERAL HOME LOAN BANK	09/30/2016	1,000.000.00	976,870.00	996,141.06	1.125	AA+	1.230	1,382	07/14/2021	
3130AABG2	11234	FEDERAL HOME LOAN BANK	12/16/2016	1,000.000.00	984,820.00	984,729.40	1.075	AA+	2,175	1,520	11/29/2021	
313378CR9	11246	FEDERAL HOME LOAN BANK	03/29/2017	2,000.000.00	2,026,100.00	2,000,000.00	2.250	AA+	2,010	1,622	03/11/2022	

Deputy Treasurer Monthly Reports
Portfolio Management
Portfolio Details - Investments
September 30, 2017

CUSIP	Investment #	Bauer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Credit Rating	YTM	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3130ABMB9	11255	FEDERAL HOME LOAN BANK	07/13/2017	1,000,000.00	991,520.00	998,469.88	998,469.88	2.050	AA+	2.084	1,732	06/29/2022
3130AC6F6	11263	FEDERAL HOME LOAN BANK	08/24/2017	1,000,000.00	989,590.00	1,000,000.00	1,000,000.00	2.000	AA+	2.000	1,788	08/24/2022
3130ACBK9	11264	FEDERAL HOME LOAN BANK	08/30/2017	1,000,000.00	994,530.00	1,000,000.00	1,000,000.00	1.750	AA+	2.326	1,787	08/30/2022
3134G32L3	11079	FEDERAL HOME LOAN MORTGAGE CO	12/26/2012	2,000,000.00	1,988,620.00	2,000,000.00	2,000,000.00	0.850	AA+	0.850	86	12/26/2017
3134G44N5	11102	FEDERAL HOME LOAN MORTGAGE CO	05/28/2013	2,000,000.00	1,988,840.00	2,000,000.00	2,000,000.00	0.750	AA+	0.750	58	11/28/2017
3134G3KJ4	11155	FEDERAL HOME LOAN MORTGAGE CO	04/29/2015	1,000,000.00	999,510.00	1,003,539.53	1,500	AA+	1,290	634	06/27/2019	
3134G3KJ4	11190	FEDERAL HOME LOAN MORTGAGE CO	09/25/2015	1,000,000.00	999,510.00	1,004,009.87	1,500	AA+	1,263	634	06/27/2019	
3137EA029	11204	FEDERAL HOME LOAN MORTGAGE CO	03/21/2016	1,000,000.00	994,920.00	998,834.40	1,125	AA+	1,136	561	04/15/2019	
3134G9AY3	11207	FEDERAL HOME LOAN MORTGAGE CO	04/29/2016	1,000,000.00	992,640.00	1,000,000.00	1,350	AA+	1,376	940	04/28/2020	
3134G9A6	11215	FEDERAL HOME LOAN MORTGAGE CO	06/23/2016	1,000,000.00	993,720.00	1,000,000.00	1,500	AA+	1,500	996	06/23/2020	
3134G4P8	11238	FEDERAL HOME LOAN MORTGAGE CO	02/09/2017	1,000,000.00	997,090.00	1,000,659.26	1,350	AA+	1,310	618	06/1/2019	
3134GBTH5	11250	FEDERAL HOME LOAN MORTGAGE CO	06/29/2017	1,000,000.00	995,290.00	1,000,000.00	2,000	AA+	2,000	1,550	12/29/2021	
3134GBNJ7	11252	FEDERAL HOME LOAN MORTGAGE CO	07/03/2017	3,000,000.00	2,994,270.00	3,000,000.00	1,750	AA+	2,226	1,732	06/29/2022	
3134GBF49	11266	FEDERAL HOME LOAN MORTGAGE CO	09/28/2017	1,000,000.00	993,390.00	1,000,000.00	2,070	AA+	2,070	1,823	09/28/2022	
3135GAPQ0	11100	FEDERAL NATIONAL MORT ASSOC	04/26/2013	3,000,000.00	2,999,670.00	3,000,317.13	0.875	AA+	0.720	25	10/26/2017	
3136GILZ0	11103	FEDERAL NATIONAL MORT ASSOC	05/28/2013	2,000,000.00	1,998,520.00	2,000,000.00	0.750	AA+	0.750	58	11/28/2017	
3135GMWJ8	11117	FEDERAL NATIONAL MORT ASSOC	01/14/2014	1,000,000.00	997,440.00	995,655.39	0.875	AA+	1,581	232	05/21/2018	
3135GMWJ8	11120	FEDERAL NATIONAL MORT ASSOC	01/31/2014	2,000,000.00	1,994,880.00	1,993,260.26	0.875	AA+	1,421	232	05/21/2018	
3135GMWJ8	11125	FEDERAL NATIONAL MORT ASSOC	03/03/2014	2,000,000.00	1,994,860.00	1,994,484.85	0.875	AA+	1,320	232	05/21/2018	
3135GOTY4	11133	FEDERAL NATIONAL MORT ASSOC	04/23/2014	1,000,000.00	1,001,300.00	999,222.83	1,625	AA+	1,695	422	11/27/2018	
3135GAPQ0	11140	FEDERAL NATIONAL MORT ASSOC	04/30/2014	1,000,000.00	999,380.00	999,835.99	0.875	AA+	1,116	25	10/26/2017	
3135GAPQ0	11150	FEDERAL NATIONAL MORT ASSOC	06/30/2014	1,000,000.00	999,860.00	999,887.61	0.875	AA+	1,040	25	10/26/2017	
3136G3N92	11220	FEDERAL NATIONAL MORT ASSOC	07/29/2016	2,525,00.00	2,464,223.25	2,525,000.00	1,350	AA+	1,350	1,395	07/27/2021	
3136G04T5	11222	FEDERAL NATIONAL MORT ASSOC	08/25/2016	1,000,000.00	995,940.00	1,000,000.00	1,500	AA+	1,055	956	05/14/2020	
3136GOK9	11223	FEDERAL NATIONAL MORT ASSOC	08/25/2016	2,000,000.00	1,964,480.00	2,000,000.00	1,250	AA+	1,230	1,313	05/06/2021	
3136G4LX9	11240	FEDERAL NATIONAL MORT ASSOC	02/28/2017	2,000,000.00	2,000,820.00	2,000,000.00	2,125	AA+	2,125	1,611	02/28/2022	
Subtotal and Average			89,900,000.00	89,897,620.73	89,931,942.75	89,865,257.93		1,393	708			
Treasury Securities - Coupon												
912828WD8	11137	U.S. TREASURY NOTE	04/29/2014	2,000,000.00	1,996,960.00	1,993,250.68	1,250	AA+	1,575	395	10/11/2018	
912828VK3	11143	U.S. TREASURY NOTE	05/09/2014	3,000,000.00	3,001,770.00	3,001,254.04	1,375	AA+	1,317	272	06/30/2018	
912828S27	11233	U.S. TREASURY NOTE	12/15/2016	2,000,000.00	1,953,760.00	1,942,501.51	1,125	AA+	1,930	1,368	06/30/2021	
912828S27	11237	U.S. TREASURY NOTE	02/09/2017	2,000,000.00	1,953,760.00	1,955,101.83	1,125	AA+	1,750	1,368	06/30/2021	
Subtotal and Average			\$ 890,882.35	\$ 900,000.00	\$ 906,250.00	\$ 892,118.96		1,304	780			

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Credit Rating	YTM	Days to Maturity	Maturity Date
Medium Term Notes												
037833A9	11193	Apple Inc		09/30/2015	2,500,000.00	2,494,150.00	2,497,682.32	1.00%	AA+	1.160	214	05/03/2018
037833AXB	11198	Apple Inc		10/30/2015	2,000,000.00	1,990,120.00	1,998,183.60	1.550	AA+	1.590	859	02/07/2020
166764AN0	11156	Chevron Corp		04/28/2015	1,000,000.00	1,009,410.00	1,012,741.11	2.193	AA	1.569	775	11/15/2019
166764AG5	11182	Chevron Corp		07/31/2015	2,000,000.00	2,029,560.00	2,015,624.14	2.427	AA	2.120	997	06/24/2020
19416QED8	11116	Colgate Palmolive Co		11/01/2013	2,000,000.00	1,999,300.00	1,998,973.00	1.500	AA-	1.549	396	11/01/2018
459200HMG	11183	IBM		08/18/2015	2,000,000.00	1,991,340.00	1,978,874.75	1.625	AA-	2.050	957	05/15/2020
594918BG8	11199	MicroSoft Corp		11/05/2015	2,000,000.00	2,011,420.00	2,000,000.00	2.000	AAA	1.944	1,123	11/03/2020
594918BP8	11265	MicroSoft Corp		08/28/2017	2,000,000.00	1,964,680.00	1,974,125.61	1.550	AAA	1.900	1,407	08/08/2021
89114QBC1	11201	Toronto Dominion Bank		12/14/2015	1,000,000.00	1,011,850.00	1,000,000.00	2.500	AA-	2.473	1,170	12/14/2020
89236TAY1	11131	Toyota Motor Credit Corp		04/11/2014	1,500,000.00	1,507,185.00	1,502,283.22	2.000	AA-	1.850	388	10/24/2018
Subtotal and Average					18,000,000.00	18,000,015.00	18,009,015.00			1.779	898	
Negotiable CD												
319141GJ3	11254	First Bank of Highland		07/19/2017	245,000.00	244,162.10	245,000.00	2.150	FDIC	2.150	1,752	07/19/2022
337577A1N8	11262	First Bank of Puerto Rico		08/2/2017	245,000.00	244,358.10	245,000.00	2.200	FDIC	2.201	1,789	08/25/2022
31938QGP24	11186	First Business Bank		09/16/2015	161,000.00	161,020.93	161,000.00	1.700	FDIC	1.701	715	09/16/2019
32110YFW0	11163	First National Bank of America		05/29/2015	245,000.00	243,488.35	245,000.00	1.600	FDIC	1.600	971	05/29/2020
32112UBX8	11192	First National Bank of Texas		09/30/2015	247,000.00	246,246.65	247,000.00	1.400	FDIC	1.402	547	04/01/2019
88413QBG2	11168	Third Federal Savings and Loan		05/28/2015	245,000.00	244,742.75	245,000.00	1.300	FDIC	1.303	423	11/28/2018
02587CFU9	11261	American Express		08/29/2017	245,000.00	246,349.95	245,000.00	2.400	FDIC	2.401	1,793	08/29/2022
02006LUH4	11194	Ally Bank		09/30/2015	245,000.00	245,438.55	245,000.00	1.700	FDIC	1.465	365	10/01/2018
02587DV47	11257	American Express Cent #27471		08/08/2017	245,000.00	245,808.50	245,000.00	2.350	FDIC	2.351	1,772	08/08/2022
0674DAYC7	11090	Barclays Bank		03/12/2013	245,000.00	245,585.55	245,000.00	1.750	FDIC	1.350	162	03/12/2018
06610TON2	11226	Bankers Bank of the West		09/14/2016	245,000.00	242,165.35	245,000.00	1.150	FDIC	1.150	712	09/13/2019
06251AKS8	11196	Bank Hapoalim BM NY		10/29/2015	245,000.00	244,664.35	245,000.00	1.650	FDIC	1.651	758	10/29/2019
05580ACP7	11184	BMWV Bank of No America #35141		08/14/2015	245,000.00	247,868.95	245,000.00	2.250	FDIC	2.253	1,048	08/14/2020
060624XH1	11091	Bank of Baroda #33681		03/08/2013	245,000.00	245,198.45	245,000.00	1.250	FDIC	1.251	158	03/08/2018
108622ET3	11251	BridgeWater Bank		06/29/2017	245,000.00	242,701.90	245,000.00	2.000	FDIC	2.002	1,732	06/29/2022
12325EHY7	11258	Business Bank		07/20/2017	245,000.00	243,047.35	245,000.00	2.050	FDIC	2.051	1,752	07/19/2022
14042RHM6	11259	Capital One #4297		08/23/2017	245,000.00	246,075.55	245,000.00	2.350	FDIC	2.351	1,787	08/23/2022
140420IE0	11176	Capital One Bank USA #33954		07/08/2015	247,000.00	250,280.40	247,000.00	2.350	FDIC	2.353	1,011	07/08/2020
149159HR9	11094	Cathay Bank #18503		04/12/2013	245,000.00	244,657.00	245,000.00	1.000	FDIC	1.001	193	04/12/2018
15118RLC9	11213	CELTIC BANK		06/15/2016	245,000.00	243,125.75	245,000.00	1.200	FDIC	1.200	621	06/14/2019
17284CBZ6	11093	CIT Bank		04/17/2013	245,000.00	244,840.75	245,000.00	1.150	FDIC	1.151	198	04/17/2018
20033ASX5	11231	Comenity Capital Bank		10/31/2016	245,000.00	239,730.05	245,000.00	1.750	FDIC	1.751	1,489	10/29/2021
20451PLA2	11164	COMPASS BANK		05/29/2015	245,000.00	244,963.25	245,000.00	1.300	FDIC	1.301	240	05/29/2018

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Credit Rating	YTM	Days to Maturity	Maturity Date
Negotiable CD												
20765ABD6	11165	CONNECTONE BANK	06/05/2015	245,000.00	245,002.45	245,000.00	245,000.00	1.500	FDIC	1.501	612	06/05/2019
225645CZ1	11126	Crescent Bank & Trust	03/05/2014	245,000.00	245,695.80	245,000.00	245,000.00	1.500	FDIC	1.500	331	08/28/2018
0617850D0	11211	Bank of Deerfield	08/07/2016	245,000.00	241,932.80	245,000.00	245,000.00	1.300	FDIC	1.301	919	04/07/2020
254672NC8	11160	Discover Bank #5649	05/06/2015	245,000.00	245,467.95	245,000.00	245,000.00	1.900	FDIC	1.902	948	05/06/2020
29916DZD5	11177	EverBank #34775	07/11/2015	245,000.00	245,904.05	245,000.00	245,000.00	2.000	FDIC	2.002	1,017	07/14/2020
308862D00	11134	Farmers & Merchants Sk #16810	04/25/2014	245,000.00	244,875.05	245,000.00	245,000.00	1.450	FDIC	1.452	359	09/25/2018
38148JSU6	11159	Goldman Sachs Bank #33124	05/06/2015	245,000.00	245,467.95	245,000.00	245,000.00	1.900	FDIC	1.902	948	05/06/2020
383052DH7	11191	Gorham Bank	10/14/2015	247,000.00	248,049.75	247,000.00	247,000.00	1.350	FDIC	1.350	561	04/15/2019
40434AP45	11202	Household Finance Co	03/10/2016	245,000.00	244,772.15	245,000.00	245,000.00	1.300	FDIC	2.007	1,256	03/10/2021
40434YGK7	11242	Household Finance Co	03/24/2017	245,000.00	247,837.10	245,000.00	245,000.00	1.450	FDIC	2.451	1,632	03/21/2022
45083AEJ7	11154	Iberia Bank	04/16/2015	245,000.00	244,777.05	245,000.00	245,000.00	1.100	FDIC	1.101	197	04/16/2018
465076JJ7	11208	ISREAL DISCOUNT BK OF NY	05/04/2016	245,000.00	244,054.30	245,000.00	245,000.00	1.200	FDIC	1.180	582	05/06/2019
464209CZ2	11225	ISABELLA BANK	09/07/2016	245,000.00	242,194.75	245,000.00	245,000.00	1.150	FDIC	1.149	708	09/09/2019
485836FB1	11129	Katohin Trust Co CEO	03/28/2014	245,000.00	245,000.00	245,000.00	245,000.00	1.250	FDIC	1.054	543	03/26/2019
51057LBDS	11232	Landmark Community Bank	11/16/2016	245,000.00	239,873.70	245,000.00	245,000.00	1.600	FDIC	1.501	11/16/2021	
538036CP7	11243	Live Oak Banking Company	04/08/2017	245,000.00	246,305.85	245,000.00	245,000.00	2.100	FDIC	2.102	1,284	04/07/2021
549103YK9	11224	Luana Savings Bank	09/09/2016	245,000.00	240,144.10	245,000.00	245,000.00	1.350	FDIC	1.351	1,439	09/09/2021
564759QSD	11162	Manufacturers & Traders Trust	05/27/2015	245,000.00	244,865.25	245,000.00	245,000.00	1.950	FDIC	1.951	240	05/29/2018
55268CRZ1	11212	MB Financial Bank	06/10/2016	245,000.00	241,944.85	245,000.00	245,000.00	1.350	FDIC	1.361	983	06/10/2020
58403BY42	11179	Medallion Bank Salt Lake City	07/21/2015	245,000.00	245,989.80	245,000.00	245,000.00	1.900	FDIC	1.865	659	07/22/2019
58739ADJ5	11229	mercanii CommerceBank Natura	09/28/2016	245,000.00	240,080.40	245,000.00	245,000.00	1.650	FDIC	1.651	1,458	09/28/2021
59013JUJ0	11187	Meritick Bank	09/21/2015	245,000.00	246,599.85	245,000.00	245,000.00	1.600	FDIC	1.601	719	09/20/2019
55406JAK8	11185	M Y SAFFRA Bank	09/11/2015	245,000.00	246,839.95	244,871.54	245,000.00	1.600	FDIC	1.630	684	08/16/2019
67054NAK9	11249	Numerica Credit Union	06/21/2017	245,000.00	246,085.35	245,000.00	245,000.00	2.300	FDIC	2.301	1,724	05/21/2022
63970QFD3	11188	NebraskaLand National Bank	09/25/2015	245,000.00	246,646.40	245,000.00	245,000.00	1.500	FDIC	1.501	724	09/25/2019
71270QL27	11153	Peoples United Bank	02/04/2015	245,000.00	247,305.45	245,000.00	245,000.00	1.750	FDIC	1.751	856	02/04/2020
700654AY2	11245	The Park National Bank	03/30/2017	245,000.00	245,306.25	245,000.00	245,000.00	1.950	FDIC	1.952	1,095	09/30/2020
74160NFI5	11253	Prime Alliance Bank	07/05/2017	245,000.00	242,692.10	245,000.00	245,000.00	2.000	FDIC	2.001	1,733	06/30/2022
74267GVJ1	11244	Private Bank & Trust Co #33306	03/30/2017	245,000.00	245,720.30	245,000.00	245,000.00	2.200	FDIC	2.201	1,641	03/30/2022
798450D96	11260	Safie Mae Bank	08/23/2017	245,000.00	246,075.55	245,000.00	245,000.00	2.350	FDIC	2.351	1,787	08/23/2022
8562B4EV1	11241	STATE BANK of INDIA	03/14/2017	245,000.00	247,410.80	245,000.00	245,000.00	2.350	FDIC	2.351	1,625	03/14/2022
87164YGD0	11157	Synchrony Bank Retail	04/28/2015	245,000.00	246,141.70	245,000.00	245,000.00	1.900	FDIC	1.902	925	04/13/2020
94768NJ07	11081	Webster Bank #16221	12/12/2012	245,000.00	244,963.25	245,000.00	245,000.00	1.000	FDIC	1.001	72	12/12/2017
949748SK9	11210	Wells Fargo Bank	06/01/2016	245,000.00	243,230.65	245,000.00	245,000.00	1.250	FDIC	1.250	610	06/03/2019
949763B18	11228	Wells Fargo Bank	09/28/2016	245,000.00	201,822.00	245,000.00	245,000.00	1.700	FDIC	1.701	1,458	09/28/2021
981517BF6	11180	WORLD FOREMOST BANK	07/16/2015	200,000.00	201,822.00	200,000.00	200,000.00	2.400	FDIC	2.403	1,019	07/16/2020

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Credit Rating	YTM	Days to Maturity
	Subtotal and Average		14,331,468.82		14,332,000.00	14,311,520.38	14,331,871.54		1.695	965	
	Total and Average		149,036,146.38		150,296,171.12	149,872,899.26	150,131,906.40		1.440	659	

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CITY OF TORRANCE
FISCAL AGENT FOR SUCCESSOR RDA
RESTRICTED
CASH BALANCE REPORT
September 30, 2017

Book Value

Bank of America	
City of Torrance	
Successor RDA Agency	
Account # xx-046	1,973.67

Bank of America	
City of Torrance	
Successor RDA Agency - Low Mod	
Account # xx-140	0.00

Local Agency Investment Fund (L.A.I.F.)	
City of Torrance	
Successor RDA Agency	
Account# -xx-072	<u>19,112.31</u>
TOTAL	\$ <u>21,085.98</u>

Deferred Compensation Plans
Quarter Ending Sept 30, 2017

457 PLAN A Permanent Employees		Beginning Balance	Contributions	Transfers In	Interest	Gain/Loss	Fees	Withdrawals	Transfers Out	Outstanding Loans	Ending Balance
* 457 Plan Revenue Sharing		180,255,654.22	2,194,243.10	3,825,851.98	447,630.04	4,773,152.78	(11,482.40)	(2,155,734.48)	(3,825,851.98)	4,387,803.25	189,892,276.51
91,476.96					417.35		2,477.75				94,372.06
Market Value											Plan A - Total 189,986,648.57
Investment Type											
Variable Funds		107,989,539.55									
Stable Value Fund		69,447,376.29									
Self-Direct		8,067,557.42									
Forefiture Acct		94,372.06									
Outstanding Loans		4,387,803.25									
Total:		189,986,648.57									
457 PLAN B Recurrent/Part-Time/Temporary Employees											
Beginning Balance		Contributions	Transfers In	Interest	Gain/Loss	Fees	Withdrawals	Transfers Out	Outstanding Loans	Ending Balance	
3,087,707.77											3,083,253.29
Market Value											
Variable Funds		220,165.60									
Stable Value Fund		2,893,117.69									
Total:		3,083,253.29									
401 (A) Management/Police/Fire/Engineers											
Beginning Balance		Contributions	Transfers In	Interest	Gain/Loss	Fees	Withdrawals	Transfers Out	Outstanding Loans	Ending Balance	
13,106,207.81											13,628,638.75
Market Value											
Variable Funds		8,731,650.08									
Stable Value Fund		4,432,169.05									
Self-Direct Fund		178,580.77									
Forefiture Acct											
Outstanding Loans		226,238.85									
Total:		13,628,638.75									
RETIREMENT HEALTH SAVINGS PLAN Management/Police/Fire/Misc.											
Beginning Balance		Contributions	Transfers In	Interest	Gain/Loss	Fees	Withdrawals	Transfers Out	Outstanding Loans	Ending Balance	
3,920,855.79											(756.25)
Market Value											4,095,380.35
Investment Type											
Variable Funds/Cash Mgmt Fund		254,126.89									
Bond Funds		104,748.93									
Balanced/Asset Alloc Funds		2,555,488.08									
U.S. Stock Funds		1,146,407.15									
Internl/Global Stock Funds		34,509.30									
Total:		4,095,380.35									
*Public Agency Retirement Services (PARS) Retirement Enhancement Plan											
Beginning Balance		Contributions	Transfer In	Interest	Gain/Loss	Fees	Distribution	Transfer Out	Outstanding Loans	Ending Balance	
13,190,564.29		1,465,000.00									14,700,485.96
*Public Agency Retirement Services (PARS) Express Benefit Plan											
Beginning Balance		Contributions	Transfer In	Interest	Gain/Loss	Fees	Distributions	Transfer Out	Outstanding Loans	Ending Balance	
4,790.31		750.00									4,957.15

*PARS accounts only reflect balance as of August 31, 2017.

Cash Investments Held by Fiscal Agent
Quarter Ending Sept 30, 2017

		Book Value	Requirement (1)	Over/Under Funded Reserve(1)-(2) (Market Value)	Market Value (2)	Yield	Investment Description	Credit Rating
Torrance Improvements								
Bank of New York Mellon								
City of Torrance COP Ref 2009 Escrow 2016								
Escrow Acct #182138	REF COP 2009 Total:	17,501,844.65	0.00	17,501,844.65	17,501,844.65	0.00%	Cash Balance	
							US Treasury NOTE Maturity 03/01/18 CUSIP: MM001064J	AA+
							US Treasury NOTE Maturity 03/01/18 CUSIP: MM0010650	AA+
							US Treasury NOTE Maturity 03/01/19 CUSIP: MM0010671	NR
							US Treasury NOTE Maturity 03/01/19 CUSIP: MM0010673	NR
Bank of New York Mellon								
City of Torrance COP Series 2014								
Lease Payment Fund Acct #528184	12,716.20	2,478,043.76	[2,465,327.56]	12,716.20	12,716.20	0.00%	Cash Balance	
							Blackrock Liquidity TEMP Fund# 24 CUSIP: X9USDBAK	AA+
							Federal National Mort Assoc Mat 10/24/19 CUSIP: 3135GOR39	AA+
							1.01% Federal Home Loan Banks Mat 12/1/20 CUSIP: 313304UQS	NR
							1.87% Private Export Funding Corp Mat 12/15/21 CUSIP: 742651D18	NR
							2.44% Blackrock Liquidity TEMP Fund# 24 CUSIP: X9USDBAK	NR
Reserve Fund Acct #528185	2,433,543.06	0.00	2,433,543.06	2,433,543.06	0.00%	Cash Balance		
COP 2014 Total:	2,446,259.26	2,478,043.76	(31,784.50)	2,446,259.26				
Bank of New York Mellon								
Torrance RFF COP 2016 Lease PMT FD								
Lease Payment Fund Acct #182133	87.26	0.00		87.26	87.26	1.51%	Morgan Stanley Treas Sec Portfolio CUSIP: X9USDM0RS	
Torrance RFF COP 2016 Project Fund	5,488,299.75	0.00	5,488,299.75	5,488,299.75	0.00%			
Project Fund Acct #361715	5,488,387.01	0.00	5,488,387.01	5,488,387.01	0.00%			
Redevelopment Successor Agency								
Bank of New York Mellon								
RDA (Downtown) 984 (matures Sept. 1, 2028)								
Interest Acct # 428478	17.14	0.00	17.14	17.14	1.28%	Fidelity Invst Mkt Trsy 696 CUSIP: X9USJD0002		
							1.01% Federal National Mort Assoc Mat 10/24/19 CUSIP: 3135GOR39	AA+
							1.87% Federal Home Loan Banks Mat 12/1/2020 CUSIP: 3130A4UQS	AA+
							3.93% Private Export Funding Corp Mat 12/15/2021 CUSIP: 742651D18	NR
Reserve Acct # 428469	580,176.56	586,890.00	(6,713.44)	580,176.56	0.00%	Cash Balance		
							INVEESCO Prime Private 1921 CUSIP: X9USDINPE	
RDA (Downtown) 984 Total:	580,193.70	586,890.00	(6,696.30)	580,193.70	1.56%			

Cash Investments Held by Fiscal Agent
Quarter Ending Sept 30, 2017

Torrance RDA [Ind Rev] 988							
Interest Acct # 428529							
	19.17	0.00	19.17				
Reserve Acct # 428517 (GIC Agreement)							
	1,029,922.62		1,037,984.75				
RDA (Ind Rev) 988 Total:	1,029,941.79	1,037,984.75	(8,042.96)	1,029,941.79			
Torrance RDA [Industrial] 99C (matures Sept. 1, 2028)							
Interest Acct # 428877							
	37.54	0.00	37.54				
Reserve Acct # 4288382							
	1,288,635.44	1,300,480.00	(11,844.56)	1,288,635.44			
RDA [Industrial] 99C Total:	1,288,672.98	1,300,480.00	(11,807.02)	1,288,672.98			

TOTAL ALL CASH & INVESTMENTS HELD BY FISCAL AGENT: \$			
Over/Under (1) funded Reserve	Requirement	Book Value	Market Value

(1) Reserve requirements may be overfunded due to an accumulation of funds which are adjusted at every scheduled payout.

These funds will be transferred to the lease payment/principal/interest account when interest/principal payouts are made by the City.

(2) Over/funded reserve requirements is for memorandum purposes only. Reserve requirements as outlined in the bond indenture require that at time (day off) of semi-annual payments to bondholders that the market value of the investments held in reserve is equal to the reserve requirement. Due to market fluctuations throughout the year it is normal to see both over and under funded situations.

Oct 30 2017

CITY OF TORRANCE
INTEROFFICE COMMUNICATION

DATE: 10/18/17

TO: Dana Cortez, City Treasurer

FROM: Joyce Reyes, Accounting Manager *Jr*

SUBJECT: Cash & Investments Report for September 2017

CASH AND INVESTMENTS RECONCILIATION
AS OF SEPTEMBER 30, 2017

INVESTMENTS PER PORTFOLIO SUMMARY		\$ 150,131,906.40
Cash in Bank of America General Account		\$ 1,956,383.97
Cash in Bank of America Housing Account		<u>3,586,455.31</u>
		5,542,839.28
TOTAL FUNDS PER INVESTMENT REPORT		\$ 155,674,745.68
OUTSTANDING WARRANTS:		
General Account		\$ (1,110,184.22)
Payroll Account		(30,635.15)
Workers' Compensation Account		(277,087.02)
Housing Account		<u>(2,231.00)</u>
		(1,420,117.39)
DEPOSITS IN TRANSIT:		
Payroll pre-write 964094 cancelled on 06/26/17 paid on 07/03/17 - check cancelation not yet reversed by Bank		\$ 37.22
September 2017 Deposits in transit		4,628.98
September 2017 Global Water cash collection		<u>211,926.11</u>
		216,592.31
MISCELLANEOUS OUTSTANDING ADJUSTMENTS:		
IVR & Parking Web credit card receipts will be interfaced in October 2017		(71,636.76)
3/22/17 Positive Pay Exception for Check #476218-Reimbursement pending		103.63
7/21/17 Air Products - transaction will be interfaced in October 2017		(5,549.37)
08/07/17 Cash deposit interface error - correction will be interfaced in October 2017		(30.00)
08/10/17 In Daily Banking and Booking Activity. Being researched by City Treasurer Office		245,000.00
09/12/17 LAIF wire to Bank of America - transaction will be interfaced in October 2017		(2,000,000.00)
09/28/17 Bank of America wire to LAIF - transaction will be interfaced in October 2017		5,000,000.00
06/28/17 Union Bank Investment No. 11129 - transaction will be interfaced in October 2017		463.15
07/13/17 Union Bank Investment No. 11255 - transaction will be interfaced in October 2017		797.22
07/31/17 Union Bank Investment No. 11253 - transaction will be interfaced in October 2017		26.85
08/17/17 Union Bank Investment No. 11129 - transaction will be interfaced in October 2017		(332.26)
09/11/17 Bank of Montreal Investment No. 11056 - transaction will be interfaced in October 2017		1,000,000.00
09/11/17 Union Bank Investment No. 11056 - transaction will be interfaced in October 2017		(1,000,000.00)
09/12/17 LAIF 1547927 - transaction will be interfaced in October 2017		2,000,000.00
09/25/17 LAIF 1549131 - transaction will be interfaced in October 2017		(5,000,000.00)
09/28/17 Union Bank Investment No. 11192 - transaction will be interfaced in October 2017		293.69
09/28/17 Union Bank Investment No. 11194 - transaction will be interfaced in October 2017		2,099.62
09/28/17 Union Bank Investment No. 11231 - transaction will be interfaced in October 2017		352.40
09/28/17 Union Bank Investment No. 11244 - transaction will be interfaced in October 2017		2,717.15
09/28/17 Union Bank Investment No. 11245 - transaction will be interfaced in October 2017		405.76
09/28/17 Union Bank Investment No. 11253 - transaction will be interfaced in October 2017		402.74
09/29/17 Federal Home Loan Mortgage Co. Investment No. 11132 - transaction will be interfaced in October 2017		1,000,000.00
09/29/17 Union Bank Investment No. 11132 - transaction will be interfaced in October 2017		<u>(1,000,000.00)</u>
		175,113.82
TOTAL CASH AND INVESTMENTS PER BOOKS		\$ 154,646,334.42

Notes to Investment Report

1. REPORTING ENTITY

City of Torrance was established May 31, 1921 and adopted a city charter form of government on January 7, 1947.

Under City Charter section 630 CITY TREASURER. It shall be the duty of the City Treasurer to receive and safely keep all moneys which shall come into his/her hands as City Treasurer. He/She shall comply with all provisions of law governing the deposit and securing of public funds. He/She shall also comply with all the provisions of the general laws of the State governing the handling of such trust funds as may come into his/her possession. He/She shall pay out moneys only on warrants signed by persons designated by law, or ordinance, as the proper persons to sign warrants and as to trust funds which may come into his/her possession or control by virtue of some law, ordinance or resolution, by warrant or other order, in accordance with the provisions of such law, ordinance or resolution. He/She shall at regular intervals, at least once each month, submit to the Director of Finance a written report and accounting of all receipts, disbursements and fund balances, a copy of which report he/she shall file with the City Council.

The City Treasurer may appoint a deputy, or deputies, from an eligible list to be prepared in accordance with the proceedings prescribed in the civil service system of the City, such deputy or deputies to receive such compensation as may be provided by the City Council. (Ratified Gen. Mun. Elec. 4/10/56, Amend. No. 8; Approved by State Legislature Concurrent Res. No. 3 on 1/9/57).

2. BASIS FOR REPORTING

This Investment Report has been prepared in accordance with the State of California Government Code §53600 and City of Torrance Investment Policy as noted in the City Charter. The City of Torrance Investment Policy is approved and adopted annually by City Council. The Investment Policy is annually submitted by the City Treasurer to the Investment Advisory Committee for review before being forwarded to the City Council. The investment Advisory Committee is made up of City Treasurer, City Manager, City Attorney, Finance Director, and Deputy City Treasurer.

3. ASSUMPTIONS

The Investment Report represents a specific snapshot in time and is compared to other market performers during that same period which includes but is not limited to: Constant Maturing Treasury 2-year term rates, Local Agency Investment Fund (State of California), and prior year performance. All investment activity calculations are results from SymPro portfolio management software v7.3.6.

Adjusted by Premiums/Discounts represent the premium/discount cost involved to secure higher or lower yield securities. The cost of the premium or discount is amortized down or up to par over the life of the bond until reaching maturity. By amortizing, the amount of taxable interest is reduced for each year the city owns the bond. This is because the amortized premium or discount offsets the ordinary income of the coupon payment.

There is no capital loss or gain to report if bonds are kept to maturity.

Notes to Investment Report

4. COMPLIANCE

The Investment Report is required to be submitted to City Council on a monthly basis. State of California statutes requires quarterly reporting. GASB 31 section requires market changes be booked annually but reported monthly as part of this report. SB 564 requires quarterly reporting to the legislative body.

5. LAIF RISK

LAIF statute §16429.3 Deposits; prohibited transfers and loans; impoundment or seizure:
Moneys placed with the Treasurer for deposit in the Local Agency Investment Fund by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:

- a. Transfer or loan pursuant to Section 16310, 16312, or 16313.
- b. Impoundment or seizure by any state official or state agency

LAIF statute §16429.4 Right of withdrawal:

The right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year.

Additional information about LAIF may be found on the California State Treasurer Website:
<http://www.treasurer.ca.gov/pmia-laif/answer/laifstatutes.asp>

Glossary

AGENCIES. Also referred to as Federal Agencies or Fed Agencies and include such organizations or enterprises as the: Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Banks (FFCB), and Government National Mortgage Association (GNMA). See FEDERAL AGENCIES or the specific organization/enterprise in this glossary for additional information.

AMORTIZATION. The spreading out of capital expenses for intangible assets over a specific period of time (usually over the asset's useful life) for accounting and tax purposes. Amortization is similar to depreciation, which is used for tangible assets, and to depletion, which is used with natural resources.

ASKED. The price at which securities are offered.

BANKER'S ACCEPTANCE ("BA"). A draft, bill, or exchange accepted by a bank or a trust company. Both the issuer and the accepting institution guarantee payment of the bill.

BASIS POINT. Common unit of measure used for expressing changes in interest rates; one basis point equates to 1/100th of 1%. (i.e. 0.1% equals 10 basis points.)

BID. The price offered by a buyer of securities (when one sells securities, one asks for a bid). See "Offer".

BOND. Bonds are commonly referred to as fixed-income securities and are one of the three main generic asset classes, along with stocks (equities) and cash equivalents. Many corporate and government bonds are publicly traded on exchanges, while others are traded only over-the-counter (OTC).

BROKER. A broker is an individual or firm that charges a fee or commission for executing buy and sell orders submitted by an investor. It is also the role of a firm when it acts as an agent for a customer and charges the customer a commission for its services.

BULLET BOND. Bullet Bonds are non-callable bonds, which cannot be redeemed early by the issuer.

CALLABLE BOND. A bond that can be redeemed by the issuer earlier than the bond's maturity date. Callable bonds with specific details as to when the bond may be called back are noted. Embedded options attached to callable bonds detail how the issuer may "call" back the security. Three forms of embedded options for callable bonds are:

- *American Option:* Bond may be called back by the issuer at any time after the lockout period expires. (continuously callable)
- *Bermudian Option:* The issuer has the right to call the bond on the predetermined interest payment dates only.
- *European Option:* Allows the holder to exercise the option (i.e. to buy) only on the option expiration date.
- **1X:** One time callable only
- **6M:** Callable only after predetermined 6 month lockout period.

CERTIFICATE OF DEPOSIT ("CD"). A time deposit with a specific maturity, as evidenced by a certificate. Large-denomination CDs are typically negotiable. A certificate of deposit (CD) is a savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks and are insured by the FDIC. The term of a CD generally ranges from one month to five years.

Glossary

COLLATERAL. Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT ("CAFR"). The official annual report for the City of Torrance. It includes combined statements for each individual fund and account group, which are prepared in conformity with GAAP. It also includes supporting schedules that are necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

CORPORATE BOND/NOTES. A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.

COUPON. The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. It can also be a certificate attached to a bond, which evidences interest due on a payment date. The annual interest rate paid on a bond, expressed as a percentage of the face value.

DEALER. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT. There are two methods of delivery of securities: (1) delivery versus payment (DVP); and (2) delivery versus receipt (DVR). DVP is delivery of securities with an exchange of money for the securities. DVR is delivery of securities with an exchanged of a signed receipt for the securities.

DERIVATIVES. (1) Financial instruments that are linked to, or derived from, the movement of one or more underlying indexes or securities, and may include a leveraging factor; or (2) financial contracts based upon a notional amount whose value is derived from an underlying index or security (e.g., interest rates, foreign exchange rates, equities, or commodities).

DISCOUNT. The difference between the acquisition cost of a security and its value at maturity, when quoted at lower than face value. A security that sells below original offering price shortly after sale is also considered to be at a discount. In finance, discount refers to the condition of the price of a bond that is lower than par, or face value. The discount equals the difference between the price paid for a security and the security's par value.

DISCOUNT SECURITIES. Non-interest bearing money market instruments that are issued a discount and that are redeemed at maturity for full face value (e.g., U.S. Treasury Bills).

DIVERSIFICATION. Dividing investment funds among a variety of securities that offer independent returns.

FEDERAL AGENCIES. Special government organizations set up for a specific purpose such as the management of resources, financial oversight of industries or national security issues. These organizations are typically created by legislative action, but may initially be set up by a Presidential Order as well. The directors of these agencies are typically selected by Presidential appointment. A number of these organizations issue securities such as stocks and bonds that have been historically popular with investors. Agencies of the Federal Government that were established to supply credit to various classes of institutions and individuals (e.g., S&Ls, small business firms, students, farmers, farm cooperative, and exporters).

FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC"). A federal agency that insures bank deposits, currently up to \$ 250,000.00 per deposit.

FEDERAL FARM CREDIT BANK ("FFCB"). In the United States, a network of federally-chartered financial institutions

Glossary

designed to provide credit-related services to the agricultural and farming sectors of the economy. In total, this government-sponsored enterprise comprises approximately 100 financial institutions that serve all 50 states and Puerto Rico

FEDERAL FUNDS RATE. The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS ("FHLB"). Government-sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing-related assets of its member, who must purchase stock in their District Bank. FHLB - An organization created by the Federal Home Loan Bank Act of 1932 to increase the amount of funds available for lending institutions who provide mortgages and similar loan agreements to individuals. This system was created in response to the depressive economic conditions of the era, which had impaired the U.S. banking system.

FEDERAL HOME LOAN MORTGAGE CORP ("Freddie Mac or FHLMC"). FHLMC is a stockholder-owned, government-sponsored enterprise (GSE) chartered by Congress in 1970 to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle income Americans. The FHLMC purchases, guarantees and securitizes mortgages to form mortgage-backed securities. The mortgage-backed securities that it issues tend to be very liquid and carry a credit rating close to that of U.S. Treasuries.

FEDERAL NATIONAL MORTGAGE ASSOCIATION ("FNMA"). FNMA, like GNMA, was charted under the Federal National Mortgage Association Act of 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assures and guarantees that all security holders will receive timely payment of principal and interest. Fannie Mae is a publicly-traded company which operates under a congressional charter that directs Fannie Mae to channel its efforts into increasing the availability and affordability of homeownership for low-, moderate- and middle-income Americans.

FEDERAL OPEN MARKET COMMITTEE ("FOMC"). The FOMC consist of seven members of the Federal Reserve Board and five of the 12 Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM. Also known as "The Fed." The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks, and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATIONS ("GNMA" or "Ginnie Mae"). Securities that influence the volume of bank credit that is guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. The full faith and credit of the U.S. Government protect a security holder. Ginnie Mae securities are backed by the FHA, VA, or FMHM mortgages. The term "pass-through" is often used to describe Ginnie Maes.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD ("GASB"). An organization whose main purpose is to improve and create accounting reporting standards or generally accepted accounting principles (GAAP). These standards make it easier

Glossary

for users to understand and use the financial records of both state and local governments. The Government Accounting Standards Board (GASB) is funded and monitored by the Financial Accounting Foundation (FAF).

IMPLIED RATING ("IMP"). Government Sponsored Enterprises ex: Federal Home Loan Bank, Federal Home Loan Mortgage Corp, Federal National Mortgage Association each carry the rate of the US Treasury. There are GSE that are not officially rated by a credit rating agency but carry an implied rating because they are GSE. An example of this is Farmer Mac.

LIQUIDITY. A Liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow, and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND ("LAIF"). Monies from local governmental units may be remitted to the California State Treasurer for deposit in this special fund for the purpose of investment. **LOCKOUT (BOND FEATURE).** The period of time when a security may not be redeemed by the issuer.

LOCKOUT (BOND FEATURE). The period of time when a security may not be redeemed by the issuer.

MARKET VALUE. The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT. A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer (lender) to liquidate the underlying securities in the event of default by the seller (borrower).

MATURITY. The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Notes - A corporate note continuously offered by a company to investors through a dealer. Investors can choose from differing maturities, ranging from nine months to 30 years.

MONEY MARKET. The market in which short-term debt instruments (e.g., bills, commercial paper, and banker's acceptances) are issued and traded.

NOT RATED ("NR"). GSE or any security that are not officially rated by a credit rating agency.

OFFER. The price asked by a seller of securities (when one buys securities, one asks for an offer). See "Asked" and "Bid."

OPEN MARKET OPERATIONS. Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank, as directed by the FOMC in order to influence the volume of money and credit in the economy.

Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO. A collection of securities that an investor holds.

PREMIUM - A premium is the total cost of an option. The difference between the higher price paid for a fixed-income security and the security's face amount at issue.

Glossary

PRIMARY DEALER. A group of government securities dealers that submit daily reports of market activity and positions, and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) — registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT INVESTOR RULE. An investment standard. A fiduciary, such as a trustee, may invest in a security if it is one that would be bought by a prudent investor acting in like capacity, who is seeking reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES. A financial institution that: (1) does not claim exemption from the payment of any sales, compensating use, or ad valorem taxes under the laws of this State; (2) has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability; and (3) has been approved by the Public Deposit Protections Commission to hold public deposits.

RATE OF RETURN. The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT ("RP" OR "REPO"). A holder of securities sells them to an investor with an agreement to repurchase the securities at a fixed price on a fixed date. The security "buyer" in effect, lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money (increasing bank reserves).

SAFEKEEPING. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET. A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION. An agency created by Congress to administer securities legislation for the purpose of protecting investors in securities transactions.

SEC RULE 15c3-1. See "Uniform Net Capital Rule." SEC Rule 15c3-1 requires broker-dealers to maintain the following minimum net capital requirements in order to offer sufficient protection for the firm's customers:

- \$250,000 for broker-dealers who conduct general securities business and carry customer funds and securities
- \$50,000 for broker-dealers who introduce accounts to another broker-dealer on a fully disclosed basis, receive but do not hold customer securities for delivery to the clearing broker-dealer and do not carry customer accounts
- \$25,000 for broker-dealers that only handle mutual fund transactions and do not hold customer funds or securities
- \$5,000 for broker-dealers who do not directly or indirectly receive securities from customers (known as introducing brokers)

Step-Up Bond. A bond that pays an initial coupon rate for the first period, and then a higher coupon rate for the following periods. A step-up bond is one in which subsequent future coupon payments are received at a higher, predetermined amount than previous or current periods. These bonds usually have a callable component.

STRUCTURED NOTES. Notes issued by instrumentalities (e.g., FHLB, FNMA, SLMA) and by corporations, that have

Glossary

imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) in their debt structure, The market performance of structured notes is affected by fluctuating interest rates; the volatility of imbedded options; and shifts in the yield curve.

TREASURY BILLS. A non-interest-bearing discount security that is issued by the U.S. Treasury to finance the national debt. Most T-bills are issued to mature in three months, six months, or one year.

TREASURY BONDS. Long-term, coupon-bearing U.S. Treasury securities that are issued as direct obligations of the U.S. Government, and having initial maturities of more than 10 years.

TREASURY NOTES. Medium-term, coupon-bearing U.S. Treasury securities that are issued as direct obligations of the U.S. Government, and having initial maturities of two to 10 years. US Notes - A treasury note is a marketable U.S. government debt security with a fixed interest rate and a maturity between one and 10 years. Treasury notes can be bought either directly from the U.S. government or through a bank.

UNIFORM NET CAPITAL RULE. SEC requirement that member firms, as well as non-member broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to one. Also called net capital rule and net capital ratio. Indebtedness covers all money that is owed to a firm, including margin loans and commitments to purchase securities (one reason that new public issues are spread among members of underwriting syndicates). Liquid capital includes cash and assets easily converted to cash.

YIELD. The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD OR YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Sources:

www.investopedia.com,

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION (CDIAC) California Public Fund Investment Primer, December 2009